

House File 2509 - Introduced

HOUSE FILE 2509

BY JAMES

A BILL FOR

1 An Act establishing a targeted small business grant fund and a
2 targeted small business grant program within the economic
3 development authority, and making appropriations.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 15.248 **Targeted small business**
2 **grant program and fund.**

3 1. As used in this section, unless the context otherwise
4 requires:

5 *a.* "*Board*" means the targeted small business grant program
6 board.

7 *b.* "*Disability*" means, with respect to an individual, a
8 physical or mental impairment that substantially limits one or
9 more major life activities of the individual; a record of a
10 physical or mental impairment that substantially limits one or
11 more major life activities of the individual; or being regarded
12 as an individual with a physical or mental impairment that
13 substantially limits one or more major life activities of the
14 individual.

15 *c.* "*Fund*" means the targeted small business grant fund.

16 *d.* "*Located in*" means the place or places at which a
17 targeted small business's operations are located and where at
18 least ninety-five percent of the business's employees work, or
19 where employees that are paid at least ninety-five percent of
20 the business's payroll work.

21 *e.* "*Major life activity*" includes functions such as caring
22 for oneself, performing manual tasks, seeing, hearing, eating,
23 sleeping, walking, standing, lifting, bending, speaking,
24 breathing, learning, reading, concentrating, thinking,
25 communicating, and working. "*Major life activity*" also
26 includes the operation of a major bodily function, including
27 but not limited to functions of the immune system; normal
28 cell growth; and digestive, bowel, bladder, neurological,
29 brain, respiratory, circulatory, endocrine, and reproductive
30 functions.

31 *f.* "*Minority individual*" means an individual who is Black,
32 Latino, Asian, Pacific Islander, American Indian, or Alaskan
33 Native.

34 *g.* "*Program*" means the targeted small business grant
35 program.

1 *h. "Service-disabled veteran"* means an individual who
2 served in the active military, naval, or air service, and
3 who was discharged or released under conditions other than
4 dishonorable, and whose disability was incurred or aggravated
5 in the line of duty in the active military, naval, or air
6 service.

7 *i. "Single management"* means a business that is not a
8 subsidiary of any other business.

9 *j. "Small business"* means any enterprise located in
10 this state that is operated for profit and is under single
11 management, and that has either fewer than twenty employees
12 or an annual gross income of less than four million dollars
13 computed as the average of the business's three preceding
14 fiscal years.

15 *k. "Targeted small business"* means a small business which is
16 fifty-one percent or more owned, operated, and actively managed
17 by one or more women, minority individuals, service-disabled
18 veterans, or individuals with a disability.

19 2. *a.* A targeted small business grant fund is created
20 in the state treasury under the control of the authority and
21 consists of any moneys appropriated to the fund by the general
22 assembly and any other moneys available to, obtained, or
23 accepted by the authority for placement in the fund. The fund
24 shall be used for purposes of this section. The authority
25 shall use any moneys specifically appropriated for purposes of
26 this section only for the purposes of this section.

27 *b.* Commencing with the fiscal year beginning July 1, 2022,
28 and for each fiscal year thereafter, there is appropriated from
29 the general fund of the state to the authority four million
30 dollars for deposit in the fund.

31 *c.* Notwithstanding section 12C.7, subsection 2, interest
32 or earnings on moneys in the fund shall accrue to the
33 authority and shall be used for purposes of this section.
34 Notwithstanding section 8.33, moneys in the fund at the end
35 of each fiscal year shall not revert to any other fund but

1 shall remain in the fund for expenditure for subsequent fiscal
2 years. All recaptures of grants awarded under this section
3 shall accrue to the authority and shall be used for purposes of
4 this section.

5 *d.* The authority shall use not more than five percent of
6 the moneys in the fund at the beginning of the fiscal year for
7 purposes of administrative costs, marketing, and other program
8 support.

9 3. The authority shall establish and administer a targeted
10 small business grant program for purposes of awarding grants
11 to targeted small businesses. A grant awarded to a targeted
12 small business under the program shall not exceed seventy-five
13 thousand dollars and a targeted small business shall only
14 receive one grant under the program.

15 4. The authority shall begin to award grants from the fund
16 to eligible targeted small businesses not later than January
17 31, 2023.

18 5. To be eligible for a grant under the program a targeted
19 small business must do all of the following:

20 *a.* Receive assistance in either the targeted small
21 business's development or expansion stage from a small business
22 development center.

23 *b.* Submit an application to the authority pursuant to rules
24 promulgated by the authority.

25 6. *a.* A targeted small business grant program board shall
26 be established and shall consist of seven members appointed by
27 the director, including one representative of the authority.
28 Each member appointed to the board must have a background in
29 finance, insurance, banking, hospitality, retail, law, or
30 the performing arts and must have at least fifty-one percent
31 ownership of a privately owned, for-profit business. Each of
32 the following populations shall be represented separately by at
33 least one board member:

- 34 (1) Individuals who are Black.
35 (2) Individuals who are Latino.

1 (3) Individuals who are Asian or Pacific Islander.

2 (4) Individuals who are American Indians or Alaskan
3 natives.

4 (5) Individuals who are service-disabled veterans.

5 (6) Individuals with a disability.

6 (7) Individuals who are female.

7 b. Each board member shall serve a two-year term and may be
8 reappointed to one additional two-year term.

9 7. a. Each application submitted to the authority shall be
10 reviewed by the board. The board shall approve or deny each
11 application. If an application is approved, the board shall
12 determine the grant amount to be awarded to the applicant.

13 b. The following shall be ineligible for a grant under the
14 program:

15 (1) A member of the board, or an individual within the third
16 degree of consanguinity of a member of the board.

17 (2) An employee of the authority, or an individual within
18 the third degree of consanguinity of an employee of the
19 authority.

20 (3) A targeted small business in which a member of
21 the board, or an individual within the third degree of
22 consanguinity of a member of the board, has any financial
23 interest.

24 (4) A targeted small business in which an employee of
25 the authority, or an individual within the third degree
26 of consanguinity of an employee of the authority, has any
27 financial interest.

28 8. An eligible targeted small business that is awarded a
29 grant under this section may apply for financial assistance
30 under other programs administered by the authority.

31 9. The authority shall, by January 31 of each year, submit
32 a report on the program to the general assembly. The report
33 must include all of the following information for each targeted
34 small business that is awarded a grant under the program in the
35 immediately preceding calendar year:

1 of the authority and consists of any moneys appropriated
2 to the fund by the general assembly, and any other moneys
3 available to, obtained, or accepted by the authority. The
4 fund must be used to award grants under the program and all
5 moneys specifically appropriated to the fund must be used for
6 purposes of the program. Commencing with the fiscal year
7 beginning July 1, 2022, and for each fiscal year thereafter,
8 there is appropriated from the general fund of the state to
9 the authority \$4 million for deposit in the fund. Interest
10 or earnings on moneys in the fund accrue to the authority and
11 moneys in the fund do not revert. All recaptures of awarded
12 grants accrue to the authority and must be used for purposes of
13 the program. The authority cannot use more than 5 percent of
14 the moneys in the fund at the beginning of the fiscal year for
15 administrative costs, marketing, and other program support.

16 The authority must establish and administer the program for
17 purposes of awarding grants to eligible targeted businesses.
18 The authority must begin to award grants to eligible targeted
19 businesses not later than January 31, 2023. A grant awarded
20 to any one eligible targeted business cannot exceed \$75,000
21 and a business can only receive one grant under the program.
22 To be eligible for a grant a targeted business must receive
23 assistance in the business's development or expansion stage
24 from a small business development center. An applicant must
25 also submit an application to the authority pursuant to rules
26 adopted by the authority.

27 The bill establishes a program board that consists of seven
28 members appointed by the director, including one representative
29 of the authority. The bill details the eligibility criteria
30 for members of the board. Each board member serves a two-year
31 term and may be reappointed to one additional two-year term.

32 Each application submitted to the authority must be reviewed
33 by the board and the board must determine whether to approve or
34 deny an application. If an application is approved, the board
35 must determine the grant amount to award to the applicant.

1 The bill specifies the individuals and businesses that are
2 ineligible for grants under the program. A targeted business
3 that is awarded a grant under the program may apply for
4 financial assistance under other programs administered by the
5 authority.

6 The authority must, by January 31 of each year, submit a
7 report on the program to the general assembly. The report must
8 contain the information specified in the bill.

9 The authority must adopt rules as necessary to administer
10 the program.